

Message Text

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PAGE 01 LISBON 00724 022056Z

62

ACTION SS-25

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R 021607Z FEB 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 5876

C O N F I D E N T I A L LISBON 724

STADIS////////////////////////////////////

EXDIS

FOR THE SECRETARY FROM AMBASSADOR CARLUCCI

E.O. 11652: GDS

TAGS: EGEN, EFIN, BEXP, PO

SUBJ: EXPORT-IMPORT BANK FINANCING FOR PORTUGAL

REF: (A) LISBON 0070, (B) LISBON 0172

1. DURING OUR RECENT MEETING IN MADRID, I EMPHASIZED IMPORTANCE OF OVERCOMING EXPORT-IMPORT BANK'S REFUSAL TO FINANCE LONG-TERM PROJECTS IN PORTUGAL. EM-IM'S ATTITUDE IS HAVING A DOUBLY NEGATIVE IMPACT. FIRST, U.S. COMMERCIAL BANKS TEND TO PATTERN THEIR DECISIONS ALONG SAME LINE AS THAT TAKEN BY EX-IM, WHICH IS VIEWED AS BELLWETHER FOR REAL USG FINANCIAL/COMMERCIAL POLICIES TOWARD AN INDIVIDUAL COUNTRY. DURING THE PAST WEEK, SPOKESMEN FOR THREE MAJOR U.S. BANKS CITED EX-IM'S POSTURE TO HELP JUSTIFY REDUCTIONS IN THEIR CREDIT LINES TO PORTUGAL. SUCH REDUCTIONS ARE DIAMETRICALLY OPPOSED TO USG OBJECTIVES. SECOND, U.S. EXPORTERS, WITHOUT EX-IM FINANCING, WILL NOT BE ABLE TO COMPETE FOR MAJOR INVESTMENT PROJECTS GOP EXPECTED TO UNDERTAKE SHORTLY. SINCE THESE PROJECTS WILL ABSORB MOST OF PORTUGAL'S INVESTMENT RESOURCES OVER NEXT FEW YEARS, U.S. EXPORTERS COULD EFFECTIVELY BE SQUEEZED OUT OF THIS MARKET FOR SOME TIME TO COME.

2. I REQUEST YOUR PERSONAL INTERVENTION TO ALTER EX-IM'S ATTITUDE TOWARD PORTUGAL. I WISH TO STRESS THAT WE ARE SEEKING
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PAGE 02 LISBON 00724 022056Z

FINANCING FOR NO SPECIFIC PROJECT. RATHER, WE URGE THAT EX-IM

TAKE A POSITIVE DECISION ON ANY LARGE, ECONOMICALLY VIABLE PORTUGUESE PROJECT, THEREBY SIGNALLING A CHANGE IN ATTITUDE. IF NONE OF THE PROJECTS CURRENTLY AVAILABLE IS ACCEPTABLE TO EX-IM, PORTUGAL CAN CERTAINLY PRESENT SEVERAL OTHERS. ALTHOUGH ANNOUNCEMENT OF A CREDIT AGREEMENT WOULD MAXIMIZE PRIVATE BANKERS' WILLINGNESS TO AUGMENT THEIR CREDIT LINES, JUST THE KNOWLEDGE THAT EX-IM IS DISPOSED TO CONSIDER LONG-TERM PROJECTS IN PORTUGAL WOULD ALSO BE HIGHLY BENEFICIAL.

3. WE WOULD APPRECIATE THE DEPARTMENT'S RAPID INTERVENTION IN ONE SPECIFIC CASE (REF B). CHEMICAL BANK OF NEW YORK HAS A \$5 MILLION ONE-YEAR LOAN TO COMPANHIA PORTUGUESA DE ELECTRICIDADE (CPE) THAT MATURES ON MARCH 2, 1976. CHEMICAL BANK VICE PRESIDENT DAVID ASKREN HAS INFORMED US BY PHONE THAT CHEMICAL DOES NOT PLAN TO RENEW THIS LOAN. EMBASSY HAS REASON TO BELIEVE, HOWEVER, THAT APPROACH BY DEPARTMENT TO ONE OF ASKREN'S SUPERVISORS COULD REVERSE THIS DECISION. ASKREN IS CURRENTLY TRAVELING OUTSIDE OF THE U.S.
CARLUCCI

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